

STATEMENT OF LEON D. SANTMAN, DIRECTOR
MATERIALS TRANSPORTATION BUREAU
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION
BEFORE THE SUBCOMMITTEE ON FOSSIL
AND SYNTHETIC FUELS OF THE
HOUSE COMMITTEE ON ENERGY AND COMMERCE

March 13, 1984

Mr. Chairman and members of the subcommittee, I am pleased to appear before you today to discuss the Department of Transportation's pipeline safety programs, and to seek authorization for appropriations necessary to carry out the Departments responsibilities under the Natural Gas Pipeline Safety Act of 1968 (NGPSA) and the Hazardous Liquid Pipeline Safety Act of 1979 (HLPSA) for Fiscal Year 1985.

Under the NGPSA, we are requesting an authorization of \$6.9 million for Fiscal Year 1985, of which \$3.4 million is for administration, operation, and research expenses associated with the Materials Transportation Bureau's (MTB) gas pipeline program. The remaining \$3.5 million would be used to fund the grant-in-aid program in support of State administered gas pipeline safety programs.

Under the HLPSA, our authorization request for Fiscal Year 1985 is \$900,000, all of which would be used to meet MTB's expenses in carrying out the Federal hazardous liquid pipeline safety program.

Mr. Chairman, in the three years since I last appeared before this Subcommittee, several of the regulatory initiatives that I identified as being of particular importance to our mission, have been completed. Principal among them is the final rule requiring gas pipeline operators to have or participate in a damage

prevention program became effective on April 1, 1983. Although we have not as yet compiled figures on the actual impact of this rule, early indications are that it is having the intended affect of reducing the leading cause of gas pipeline accidents.

The \$4.3 million (\$3.4 million for gas and \$900 thousand for liquid) we are requesting in support of these initiatives and our ongoing regulatory and enforcement responsibilities, represents in the face of increasing budget restraint, a funding level we believe to be sufficient for meeting our operating needs. This is true largely as a result of the strong Federal/state enforcement partnership we have forged with our state counterparts.

We are committed, by philosophy as well as necessity, to fostering and encouraging our state partners to exercise, to the fullest extent of their capabilities, as much of the intrastate enforcement burden as possible. Toward that end, we believe the gas pipeline grant program must be sustained at a level of Federal reimbursement sufficient to provide the incentive for continued State participation. Participating states (currently totaling 47 plus Puerto Rico and the District of Columbia) currently receive from the grant program, approximately 30% of their aggregate projected expenses. The \$3.5 million we are seeking for Fiscal Year 1985 will enable us to sustain at least that level of contribution.

In 1982, state agency inspection activity encompassed 21,500 person-days and resulted in the inspection of 4,147 operators and identification of 12,235 instances of non-compliance. The growing and aggressive state programs have encouraged pipeline operators to devote increased resources and improved state-of-the-art technology to the design, construction, testing, operation, and maintenance of their systems, and to develop more effective training and public awareness programs.

Whether the problem is the prevalence of corrosion of pipelines in small municipal systems in the Southeast or improperly installed or malfunctioning equipment on transmission or distribution lines, the MTB focuses its inspection resources on the basis of potential risk. This concept is applied in the broad sense to the entire range of our jurisdiction, as well as within discreet categories of our regulated population, and is necessary for the effective utilization of our limited resources. We also encourage its use by the states - which enhances the effectiveness of their programs, but just as important, through review of their various report submissions, we are able to determine potential patterns of pipeline deficiency or operator non-compliance. The challenge of course is to be able to convert this knowledge to remedial action, and toward this end we are continually refining our data collection, retrieval and evaluation capabilities.

I think it is important to note that enforcement is, in its most important sense, a subset of compliance, for enforcement that does not result in compliance does nothing to further safety. An essential fact is that enforcement is at the end of the compliance continuum, and for us to be most effective within our resource limitations, we must address compliance at the front end of that continuum. This involves making operators (as well as the states) fully aware of our regulations and then assuring that their level of understanding is converted into safe practice. This process maximizes the likelihood of compliance with the regulations currently in existence, and serves as a primary and effective resource for identifying whatever new regulatory initiatives may be necessary.

Mr. Chairman this concludes my prepared remarks. I will be glad to respond to questions.